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**PRELIMINARY RATE INTEGRATION PLAN**

**BY HAND DELIVERY**

Ms. Regina M. Keeney  
Chief, Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 500  
Washington, D.C. 20554

Re: Preliminary Rate Integration Plan  
CC Docket No. 96-61

Dear Ms. Keeney:

Pursuant to the directive of the Federal Communications Commission ("FCC" or the "Commission") in Policy and Rules Concerning the Interstate, Interexchange Marketplace, CC Docket No. 96-61, ¶ 68 (released Aug. 7, 1996) ("Interexchange Marketplace"), IT&E Overseas, Inc. ("IT&E"), by its attorneys, hereby submits its preliminary plan to achieve rate integration by the FCC's established deadline of August 1, 1997. IT&E notes, however, that the implementation of any plan of IT&E to achieve rate integration should be made contingent upon the Commission's resolution of the issues raised in IT&E's pending Petition for Partial Reconsideration ("Petition"), filed on September 16, 1996, requesting reconsideration of the Commission's dismissal of IT&E's request for forbearance from enforcement of the rule requiring rate integration as applied to IT&E's provision of services originating in the Territory of Guam ("Guam") and the Commonwealth of the Northern Mariana Islands (the "CNMI"). Moreover, IT&E's submission of a preliminary rate integration plan should not be construed in any way as a withdrawal or modification of IT&E's Petition.<sup>1/</sup>

<sup>1/</sup> IT&E notes that the success of any plan to implement rate integration with respect to Guam and the CNMI depends in part on the occurrence of the following three events: (1)  
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In its Petition, IT&E noted that any differential between the rates charged to subscribers on Guam and those charged to subscribers in the CNMI for calls to other U.S. locations is wholly attributable to the higher costs of serving the CNMI. IT&E Petition, at 6. IT&E further stated that the rigid application of rate integration to IT&E's particular case could result in higher rates to subscribers on Guam, who already bear the high costs of service to Guam. Id. at 5. IT&E thus observed that rate integration was never intended to require a carrier such as IT&E to spread the high costs of service to a discrete, insular area such as the CNMI among a limited pool of subscribers residing in another high-cost, insular area such as Guam. Id. at 7. Consequently, IT&E requested the Commission, among other things, to afford IT&E the flexibility to charge rates that reflect the cost differential between serving Guam and the CNMI. Id. To date, the Commission has not acted upon IT&E's Petition.

In the event the Commission denies IT&E's Petition, IT&E preliminarily proposes to achieve rate integration in the following manner:

1. IT&E will eliminate any differential between the rates charged to subscribers on Guam and those charged to subscribers on the CNMI for all domestic interstate, interexchange telecommunications services, as defined in the Communications Act of 1934, as amended.<sup>2/</sup>

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<sup>1/</sup> (...continued)

inclusion of Guam and the CNMI in the North American Numbering Plan, (2) implementation of Feature Group D on Guam, and (3) revision of the access charge structure by the Guam Telephone Authority ("GTA"). As the FCC has acknowledged, the inclusion of Guam and the CNMI in the NANP will help carriers to integrate those areas into their nationwide service plans. See Interexchange Marketplace, at ¶ 68. Moreover, the implementation of Feature Group D on Guam will enable subscribers to obtain high-quality equal access to interexchange carriers serving Guam. Id. Furthermore, the revision of GTA's access charges will help interexchange carriers to set their final rate schedules for service to and from Guam. Id. To date, none of these events has occurred, although they are expected to occur no later than July 1, 1997. All three events are beyond IT&E's control, and delays or interruptions in the transition process could affect the implementation of IT&E's rate integration plan.

<sup>2/</sup> IT&E understands that the Commission's rate integration and geographic rate  
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2. IT&E currently anticipates that it will continue to offer uniform, postalized rates for calls from Guam and the CNMI to the U.S. mainland.

3. Based on its current understanding of the rate integration and geographic rate averaging rules, IT&E will continue to offer separate, different rates for calls from Guam and the CNMI to other U.S. offshore locations, such as Alaska, Puerto Rico, the Virgin Islands, and American Samoa. Such rates will apply uniformly to all of IT&E's subscribers, without regard to the geographic location of the subscriber. IT&E understands that the Commission's rate integration and geographic rate averaging rules prohibit carriers from charging different rates based on the geographic location of the subscriber. The rules, however, do not prohibit a carrier from applying to all of its subscribers a uniform rate schedule containing rates that vary based on the location to which a call is terminated. Such rates are consistent with the Commission's rate integration and geographic averaging rules because they are "no higher than the rates charged by [the carrier] to its subscribers in urban areas" and they are "no higher than the rates charged to [the carrier's] subscribers in any other State." See 47 U.S.C. § 254(g).

4. IT&E will continue to offer its optional calling plans, discounts, and other promotional offerings to all of its subscribers on Guam and the CNMI on the same terms and conditions, without regard to the geographic location of the subscriber. However, consistent with the Commission's application of its geographic rate averaging rule to temporary promotions and private line services, IT&E reserves the right to offer temporary promotions and private line services on different terms and conditions to different groups of subscribers within IT&E's service area. See Interexchange Marketplace, at ¶ 24.

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2/ (...continued)

averaging rules do not impose any obligation on a carrier to offer particular telecommunications services to all of its subscribers throughout its service area. If, however, a carrier chooses to offer a particular telecommunications service to all of its subscribers throughout its service area, the Commission's rate integration and geographic rate averaging rules generally prohibit the carrier from charging its subscribers different rates based on their geographic location.

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IT&E believes that the preliminary rate integration plan, as set forth above, will ensure compliance with the Commission's rule requiring rate integration, in the event that IT&E's Petition is denied.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Phuong N. Pham", followed by a horizontal line.

Margaret L. Tobey, P.C.

Phuong N. Pham, Esq.

cc: Parties on the attached Service List

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